

Flood Insurance 101



YOU SHOULD KNOW YOUR FLOOD RISK TO UNDERSTAND YOUR INSURANCE NEEDS.

- Floods can happen anywhere, at any time. Residents who live in and outside of a high-risk area should know their risk, and consider protection.
- Even if you live outside the high-risk zone, and are not required by law to purchase flood insurance, you are still at risk for flooding and should consider flood insurance. Flooding is not typically covered by homeowners insurance.
- It is important to know that if you have a mortgage from a federally regulated or insured lender on a home located in a high-risk area, federal law requires you to purchase flood insurance. Also, if you've received a federal grant or loan for previous flood losses, you must have a flood policy to qualify for future aid.


THE NATIONAL FLOOD INSURANCE PROGRAM HELPS REDUCE FLOOD LOSSES BY PROVIDING AFFORDABLE FLOOD INSURANCE TO PROPERTY OWNERS.

- As long as your community participates in the National Flood Insurance Program (NFIP), you are eligible to purchase flood insurance. Flood insurance is sold through private insurance companies and agents, and it is backed by the federal government. Unlike most standard homeowner's policies, flood insurance covers losses to your property caused by flooding.
- When you purchase a flood insurance policy, there's typically a 30-day waiting period for coverage to become effective. Don't wait until a storm threatens your property. It could be too late! The exception to the 30-day wait rule is that if insurance is a requirement of a loan upon closing, the 30-day wait will be waived.
- Flood insurance covers damage up to \$250,000 for your building and up to \$100,000 if you purchase contents coverage. Contents coverage is not automatically included in a standard flood policy. For businesses, flood insurance covers damage up to \$500,000 for your building and up to \$500,000 if you purchase contents coverage. Policies are available in three forms: Dwelling (homes and individual condominium units), General Property (other residential buildings (apartments, etc.) and businesses) and the Residential Condominium Building Association Policy Form (residential condominium buildings). Renters are also eligible to purchase a flood insurance policy.
- For properties located in moderate-to-low risk flood zones, a low-cost Preferred Risk Policy can start as low as \$129 a year for both building and contents coverage.

THE NATIONAL FLOOD INSURANCE PROGRAM PROVIDES FEDERALLY BACKED FLOOD INSURANCE IN EXCHANGE FOR LOCAL ENFORCEMENT OF SOUND FLOODPLAIN MANAGEMENT.

- Nearly 21,000 communities throughout the United States and its territories voluntarily participate in the NFIP, representing about 95 percent of all properties in the nation's SFHAs.
- Sound floodplain management planning and regulations save taxpayers an estimated \$1.1 billion each year in prevented flood damages. Also, structures built to NFIP criteria experience 80 percent less damage than structures not built to such standards.



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- Creating stronger and safer communities reduces loss of life and property; enables individuals and localities to rapidly recover from future events; and lessens the financial impact on state, tribal, and local governments as well as the U.S. Treasury.

FOR MORE INFORMATION:

- A Summary of Coverage document helps you understand your flood insurance policy. It provides general information about deductibles, what is and is not covered by flood insurance, and how items are valued at the time of loss. You can find this document at www.fema.gov/pdf/nfip/summary_cov.pdf.
- The Flood Insurance Claims Handbook is available to help you through the process of filing a claim and appealing the decision on your claim, if necessary. You can find this document at <http://www.fema.gov/library/viewRecord.do?id=2184>.
- Contact your insurance agent to help you decide what kind of flood protection is best for you.
- Visit **FloodSmart.gov** or call **1-800-427-2419** to learn how to prepare for floods, how to purchase a flood insurance policy and what the benefits are of protecting your home or property investment against flooding.